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ABSTRACT

The community college's role in economic development has expanded beyond providing traditional vocational education and job training to include activities as diverse as management and technical assistance for new and small businesses, tech prep programs with high schools, cooperative education programs, partnerships with state agencies, and customized and contract job training for industries. In many states, programs have been implemented which utilize community colleges as the primary providers of job training and skill development. Currently, 437 cooperative education programs, combining classroom learning and practical, paid, on-the-job experience, are administered by community colleges in 47 states. In addition, small business development centers, offering education and training programs as well as counseling, information, and referral services, are operating at 114 colleges nationwide. Community colleges are also assuming key roles in statewide economic development plans in Illinois, Ohio, North Carolina, and California. For example, California's Economic Development Network (ED Net) involves the state's community colleges in centers for applied competitive technologies, centers for international trade development, total quality management and quality assurance training, and hazardous materials technician training. ED Net also includes a database and electronic bulletin board to identify training programs around the state and allow colleges instant access to curricula information. Community colleges are playing a vital role in providing the critical training and retraining of the workforce that business and industry require as the U.S. economy becomes increasingly dependent upon technology. (JMC)

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ERIC Digest

By
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December 1991

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ERIC DIGEST

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The Role of the Community College in Economic and Workforce Development

by Diane Hirshberg

Community colleges have moved into positions of prominence in economic and workforce development activities across the nation. Employers have always looked to colleges as a source of trained workers, including graduates of both vocational and general education programs. However, the role of community colleges in economic development has expanded beyond traditional vocational education and job training functions. It now includes activities as diverse as management and technical assistance for new and small businesses, tech-prep programs with high schools, cooperative education programs, partnerships with states in economic development activities, and contract or customized training for industries. This digest presents an overview of the economic development functions community colleges have assumed in recent years on behalf of both the workforce and the business community in the United States.

The Changing Nature of the Workforce

Analysts have focused much attention on the population that will be entering the workforce throughout the 1990s. For the first time, women and minorities will outnumber white male entrants into the labor market. Many of these workers will come from economically disadvantaged backgrounds, and many will need special training and services to succeed in the workplace. However, eighty percent of the people who will be working in the year 2000 are on the job today; these individuals are likely to need retraining to meet the changing demands of the economy (Nespoli, 1991). Human capital is a critical component of economic development, and community colleges are in a unique position to provide the training and education to develop this resource.

State and Regional Programs

Many states have developed programs utilizing community colleges as the primary providers of job training and skill development for their workforces. The Sunshine State Skills Corporation, begun in Florida in 1985, gives community colleges the responsibility for training and retraining employees, offering grants to colleges to support training programs for new, expanding or diversifying businesses. Iowa's Industrial New Jobs Training Program uses a creative mechanism to finance the customized training given by the state's community colleges; tax exempt training certificates issued by the colleges are sold in financial markets to pay for the training, and repayment is made via a withholding tax from the wages of the new jobs created as well as through property taxes on new facilities and equipment for these jobs (Nespoli, 1991). Community colleges can provide training more cost effectively than many other institutions or agencies, because most have the capacity to provide technical training already or can develop it at a lower cost than other organizations.

Customized and Contract Job Training

Many community colleges are entering the field of customized or contract job training. With contract training, colleges both provide a critical economic development tool and gain additional revenue. Under Iowa's New Jobs Training Act, community colleges were granted the exclusive right to provide contract training to new and expanding businesses receiving tax incentives for training (Ghanatabadi and Saylor, 1988). In Massachusetts, community college contract training is supported in part by the state's Bay State Skills Corporation, with the remainder of the funding coming from participating companies (Nespoli, 1991).

Cooperative Education Programs

Cooperative education programs combine classroom learning and practical, paid, on-the-job experience in a particular field to the benefit of both students and employers. Students earn both salaries and credit for the learning that occurs on the job, while employers develop a skilled, literate workforce at a far lower cost than if they provided their own training. These programs often attract older, returning students in need of retraining. Currently, there are 437 cooperative education programs in community colleges spread among 47 states. While most cooperative education opportunities are provided as a vocational educational option for students, companies can also offer such programs to employees through agreements with colleges for on-site education. The Mitre Corporation in McLean, Virginia and Northern Virginia Community College have such an arrangement (Rheams and Saint, 1991).

Business Development Activities

Community colleges have begun to play a vital role in promoting the health of the business community. Colleges are now involved in management and technical assistance, small business development, and entrepreneurial training, as well as international business and trade education.

Small business development centers (SBDC's) were cre-

ated by the U.S. Congress in 1980, and are funded jointly by the federal government and state and local public and private agencies. They offer education and training programs as well as counseling, information and referral services. Small business development centers are currently operating at 114 colleges across the nation. Mercer County Community College in Trenton, New Jersey, operates an SBDC with state funding and support from the U.S. Small Business Administration. The center emphasizes practical academic assistance, cooperative services and visibility. It has developed a volunteer network of over 100 small business consultants as well as four counselors. In Maryland, Montgomery Community College's SBDC offers the IRS's Small Business Tax Education Program as well as a Small Business Enterprise Program and a cable TV series entitled "Small Business: Myth or Reality" (Carmichael, 1991). (For information on the Small Business Tax Education Program, call 800/829-1040.)

Participating in State Economic Development Planning

Community colleges can carry out important aspects of a state's economic development plans. They represent a ready-made structure within which to place responsibility for activities that support existing businesses and attract new ones. The Illinois Economic Development Grant Program provides funds needed by colleges to establish an office of economic development. These offices provide services ranging from customized job training and entrepreneurship training to business incubators and technology transfer programs. Ohio has included community colleges in its technology development and transfer strategy; the state's community colleges serve as the technology transfer agents for eight Edison Technology Centers. The North Carolina State Board of Community Colleges has an Industrial Services Division, which works with the state's Department of Commerce in developing recruitment packages for economic development prospects as well as administering short-term training programs (Melville and Chmura, 1991).

In California, ED>Net, the Economic Development Network, has developed numerous programs throughout the state community college system, including centers for applied competitive technologies, international trade development centers, total quality management and quality assurance training, and hazardous materials technician training. The ED>Net program has developed a database and electronic bulletin board to identify training programs around the state and allow colleges instant access to a variety of information on training programs and curricula. (For more information on ED>NET, call 800/344-3812 or 209/255-9077.)

Identifying the Needs of the Business Community

Community college leaders wishing to take a proactive role in economic development must first identify the needs of their community. Many use environmental scanning for this purpose. Environmental scanning is a system by which trends, events, and emerging issues important to an institution are identified and evaluated (Morrison and Held, 1988). Prince George's Community College in Maryland has a long history of using environmental scanning to identify the local business community's training needs (Claggett and Huntington, 1990). Community college presidents can also take the lead in establishing coalitions with other community leaders for the provision of job training and business consulting services by the college, as well as other incentives to attract new businesses. In Pennsylvania, the Ben Franklin Partnership is now the largest annual technological innovation program in the nation, generating more private-sector matching funds than any other similar program in the nation (Kopecek, 1991).

Community colleges are playing a vital role in state and local economic and workforce development activities nationwide. As the United States economy becomes increasingly technological, with new production and management techniques becoming commonplace, it is critical that employees and businesses have access to training and retraining services. Community colleges can provide these services, and lead the nation forward to greater economic productivity.

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This digest was drawn in part from *Economic and Work Force Development*, New Directions for Community Colleges, Number 76, published in September 1991. The cited articles include the following: "Assuming a Leadership Role in Community Economic Development," by Robert J. Kopecek; "Investing in Human Capital: State Strategies for Economic Development," by Lawrence A. Nespoli; "Meeting Small Business Needs Through Small Business Development Centers," by Janice B. Carmichael; "Renovating Cooperative Education Programs," by Patricia A. Rheams and Fred Saint; and Strategic Alignment of Community College and State Economic Policy," by John G. Melville and Thomas J. Chmura.

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